



Bureau of Labor Statistics

Boston, MA 02203

Internet address: <http://www.bls.gov/ro1/home.htm>

For Information: (617) 565-2327

USDL 05-027

Media Information: 617-565-2324

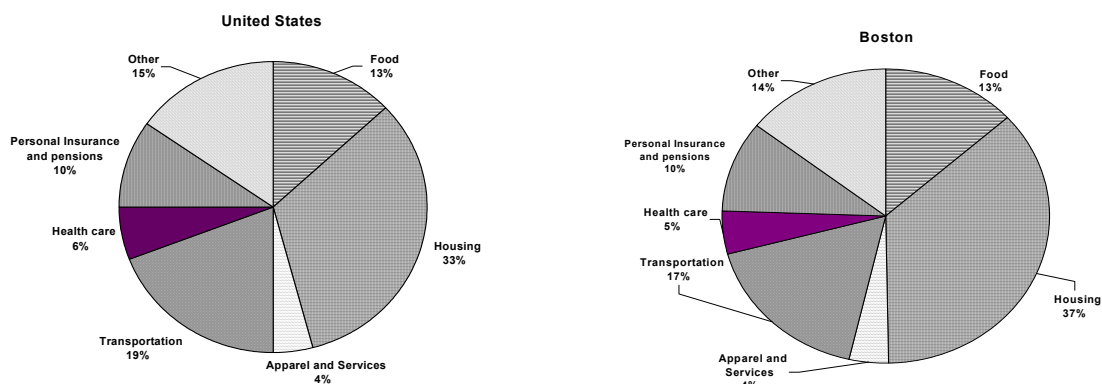
For Release: Wednesday, February 16, 2005

CONSUMER EXPENDITURE SURVEY: BOSTON METROPOLITAN AREA 2002-2003

Consumer units¹ in the Boston metropolitan area spent an average of \$41,814 per year in 2002-2003, 2.6 percent more than the national average, according to the latest results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Although households in the Boston area spent an amount close to the U.S. average of \$40,748, they allocated their dollars differently. Expenditures for both housing and education accounted for larger portions of the total budget in the Boston area than they did nationwide. On the other hand, spending on transportation, health care, and cash contributions represented a smaller than average share of the total budget in Boston. (See chart A.)

A typical household in Boston spent 67.1 percent of its total budget for the three largest expenditure items -- food, housing, and transportation; the average U.S. household spent a little less, 65.0 percent. (See table 1.) Among consumer units in three other metropolitan areas in the Northeast selected for comparison, the percentage of the budget spent on these three components was also higher in New York (66.9 percent), but lower than average in Philadelphia (63.8 percent) and Pittsburgh (58.4 percent). (Geographical boundaries of the region and areas referenced in this release are contained in the Technical Note.)

Chart A. Percent distribution of total average expenditures, United States and Boston metropolitan area 2002-2003



"Other" includes alcoholic beverages, personal care, reading, education, tobacco & supplies, entertainment, miscellaneous goods and services, and cash contributions.

Note: Figures in this chart may not add to 100 percent due to rounding.

This report contains annual data averaged over a two-year period—2002 and 2003. The data are from the Consumer Expenditure Survey (CE), which is collected on an ongoing basis by

¹ See the Technical Note for the definition of a consumer unit. The terms consumer unit and household are used interchangeably throughout the text for convenience.

the U.S. Census Bureau for the Bureau of Labor Statistics (BLS). The CE is the only national survey that provides both complete data on household expenditures and the demographic characteristics of those households. Survey data cannot be used to make cost of living comparisons between areas. Expenditures vary among areas not only because of economic factors such as the price of goods and services and family income, but also because of differences such as the age of the population, climate, consumer tastes, family size, etc. However, expenditure shares (or the percentage of a consumer unit's budget spent on a particular item) can be used to compare spending patterns across areas. The survey provides average expenditures for consumer units. An individual consumer unit may spend more or less than the average, depending on its particular characteristics.

Spending on housing accounted for 36.4 percent of a household's expenditures in the Boston area, well above the 32.8-percent national average. Consumers units in the New York and Philadelphia metropolitan areas also spent larger than average shares on housing (37.6 and 36.1 percent, respectively). On the other hand, the expenditure share for housing in Pittsburgh, 29.2 percent, was well below the U.S. average.

The majority of the cost of housing in Boston (\$15,211) went for shelter (66.7 percent), which includes mortgage interest, property taxes, repairs, and rent, among other items; this was well above the national share of 58.8 percent. (See table A.) Utilities, fuels, and services, however, accounted for a smaller percentage of all housing dollars in Boston (17.6 percent) than it did nationally (20.6 percent). The rate of homeownership in Boston, at 62 percent, was below the national average of 67 percent. Among the four areas in the Northeast, only New Yorkers spent a similarly high portion of their housing costs on shelter (65.6 percent) and only those in New York were less likely to be homeowners (56 percent).

Table A. Percent distribution of housing expenditures, United States and selected metropolitan areas in the Northeast, 2002-2003

Category	United States	New York	Philadelphia	Boston	Pittsburgh
Total housing	100.0	100.0	100.0	100.0	100.0
Shelter	58.8	65.6	59.8	66.7	53.0
Utilities, fuels, and public services	20.6	16.1	21.0	17.6	23.6
Household operations	5.3	5.9	5.3	5.1	5.2
Housekeeping supplies	4.0	2.9	3.5	2.7	4.3
Household furnishings and equipment	11.3	9.5	10.3	8.0	13.9

Transportation was the second largest expenditure category in the Boston area, accounting for 17.2 percent of a household's budget; this compares with a national share of 19.1 percent. Though Boston's expenditure share for transportation was below average, it was still higher than the shares spent on transportation in the other selected areas in the Northeast. Consumer units in the New York metropolitan area had the smallest share (15.4 percent), followed by those in Philadelphia (15.9 percent).

Of the \$7,175 annual expenditure on transportation in Boston, 94.1 percent was spent buying, operating and maintaining private vehicles with the remainder going for public transportation. (See table 2 for detailed expenditure levels.) Nationally, 5.0 percent of all transportation dollars went for public transit, which includes taxis, buses, trains, subways, and planes. In fact, all of the selected metropolitan areas were above the nationwide average, with New York households in the lead, allocating 13.5 percent of their transportation dollars to public transit. None of the four areas in the Northeast exceeded the U.S. average of 2.0 vehicles per household. Boston residents averaged 1.6 vehicles and New Yorkers had the fewest vehicles per household at 1.4.

Boston households spent 13.5 percent of their budget on food, similar to the national average of 13.1 percent. In the other Northeast metropolitan areas, food accounted for a higher than average share of the budget in New York (13.9 percent) and lower than average share in

Pittsburgh (12.6 percent) and Philadelphia (11.9 percent). Boston households spent 58.7 percent of their food budget on food prepared and eaten at home, close to the 58.1 percent spent by households nationwide. The remaining 41.3 percent was spent on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs. Of the four areas, Philadelphia spent the highest percentage of their food dollars on food prepared away from home, 45.9 percent.

Payments for personal insurance and pensions accounted for 9.9 percent of the typical Boston household budget. This proportion was similar to the national average (9.8 percent). In the other three areas, percentages ranged from 11.1 percent in Philadelphia to 9.2 percent in Pittsburgh.

Boston area households spent 4.8 percent of their household budget covering out-of-pocket medical expenses—health insurance premiums, medical services, drugs (prescription and nonprescription) and medical supplies; this was below the nationwide average of 5.9 percent. In fact, none of the shares allocated for health care in the four Northeast areas exceeded the U.S. average.

Boston area consumer units spent 4.8 percent of their budgets on entertainment, similar to the nationwide average of 5.1 percent. Those in New York (4.7 percent) and Philadelphia (5.0 percent) were also close to the norm. Pittsburgh households, on the other hand, spent an above average percentage of their budget on entertainment, 6.1 percent.

Spending on apparel and related services accounted for 3.9 percent of total expenditures in Boston. This was close to the national average of 4.2 percent and the same as the percentage spent in Pittsburgh. New York and Philadelphia households spent higher than average portions of their budget on clothing, at 5.2 and 5.1 percent, respectively.

Cash contributions accounted for 2.4 percent of consumer spending in Boston, below the 3.2-percent national average. Of the other areas in the Northeast, New Yorkers had the smallest share (1.9 percent), and those in Pittsburgh, the largest (8.5 percent).

Additional Data Available

A more detailed listing of CE results can be obtained from the Bureau's fax-on-demand service in Boston by dialing 617-565-9167 and accessing the document codes provided below. Additional CE tables are also offered on the BLS Internet site <http://www.bls.gov/cex/home.htm> in both text and PDF formats. For personal assistance or further information on the Consumer Expenditure Survey, as well as other Bureau programs, contact the Boston Information Office at 617-565-2327.

BLS Fax-on-Demand - Boston (617) 565-9167	Number of pages	Document no.
Consumer Expenditures in 2003 - national news release (annual)	2	2705
Data tables containing consumer expenditures-		
By quintiles of income before taxes (Table 1)	4	2710
By income before taxes (Table 2)	4	2715
By age of reference person (Table 3)	4	2720
By size of consumer unit (Table 4)	4	2725
By composition of consumer unit (Table 5)	4	2730
By number of earners (Table 6)	4	2735
By housing tenure, race and type of area- urban or rural (Table 7)	4	2740
By region of residence (Table 8)	4	2745
By occupation of reference person (Table 9)	4	2750
By education of reference person (Table 10)	4	2760
By race of reference person (Table 2100)	4	2765
By Hispanic or Latino origin of reference person (Table 2200)	4	2770
Consumer Expenditures - Technical Information	2	2790

Technical Note

The current Consumer Expenditure Survey (CE) program began in 1980. Its principal objective is to collect information on the buying habits of American consumers. The consumer expenditure data are used in a wide variety of research by government, business, labor, and academic analysts. The data are also required for periodic revision of the Consumer Price Index (CPI).

The survey consists of two components, a diary or recordkeeping survey, and an interview survey. The Diary Survey, completed by participating consumer units for two consecutive 1-week periods, collects data on frequently purchased, smaller items. The Interview Survey, in which the expenditures of consumer units are obtained in five interviews conducted every 3 months, collects data for larger-cost items and expenditures that occur on a regular basis. The U.S. Bureau of the Census collects the survey data.

Each component of the survey queries an independent sample of consumer units which is representative of the U.S. population. Over the year, about 7,500 consumer units are sampled for the Diary Survey. The Interview Survey is conducted on a rotating panel basis, with about 7,500 consumer units participating each quarter. The data are collected on an ongoing basis in 105 areas of the country.

The integrated data from the BLS Diary and Interview Surveys provide a complete accounting of consumer expenditures and income, which neither survey component alone is designed to do. Due to changes in the survey sample frame, metropolitan area data in this release are not directly comparable to those prior to 1996.

The expenditure data in this release should be interpreted with care. The expenditures are averages for consumer units with the specified characteristics, regardless of whether or not a specific unit incurred an expense for that specific item during the recording period. The average expenditure may be considerably lower than the expenditure by those consumer units that purchased the item. This study is not intended as a comparative cost of living survey as neither the quantity nor the quality of goods and services has been held constant among areas. Differences may result from variations in demographic characteristics such as consumer unit size, age, preferences, income levels, etc. Users should keep in mind that prices for many goods and services have risen since the survey was conducted.

In addition, sample surveys are subject to two types of errors. Sampling errors occur because the data are collected from a representative sample rather than the entire population. Nonsampling errors result from the inability or unwillingness of respondents to provide correct information, differences in interviewer ability, mistakes in recording or coding, or other processing errors. The year-to-year changes are volatile and should be interpreted carefully. Sample sizes for the metropolitan areas are much smaller than those for the nation, so the U.S. estimates and year-to-year changes are more reliable than those for the metro areas.

Some expenditure components are subject to large fluctuations from one year to the next because these components include expensive items that relatively few consumers purchase each year. Thus, shifts from year to year in the number of consumers making such purchases can have a large effect on average expenditures. Examples of these types of expenses are purchases of new cars and trucks in the transportation component, and spending on boats and recreational vehicles in the entertainment component.

The Metropolitan Statistical Areas (MSAs) and Consolidated Metropolitan Statistical Areas (CMSAs) covered by the Consumer Expenditure Survey represent areas designated by the U.S. Office of Management and Budget and are based on definitions in effect as of December 1992. The general concept of an MSA is one of a large population nucleus, together with adjacent communities which have a high degree of economic and social integration with that nucleus. The following areas are discussed in this release:

Geographic Boundaries

Northeast region: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

Philadelphia-Wilmington-Atlantic City, Pa.-Del.-N.J.-Md. CMSA includes Bucks, Chester, Delaware, Montgomery and Philadelphia counties in Pa., Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and Salem counties in N.J., New Castle County in Del. and Cecil county in Md.

New York-Northern New Jersey-Long Island, N.Y.-N.J.-Conn.-Pa. CMSA includes Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk and Westchester counties in N.Y., Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union and Warren counties in N.J., Fairfield, Litchfield, Middlesex and New Haven counties in Conn., and Pike county in Pa.

Boston-Worcester-Lawrence, Mass.-N.H.-Maine-Conn. CMSA includes Bristol, Essex, Hampden, Middlesex, Norfolk, Plymouth, Suffolk and Worcester counties in Mass., Hillsborough, Merrimack, Rockingham and Strafford counties in N.H., York county in Maine and Windham county in Conn.

Pittsburgh, Pa. MSA includes Allegheny, Beaver, Butler, Fayette, Washington and Westmoreland counties in Pa.

Definitions

Consumer unit - members of a household related by blood, marriage, adoption, or other legal arrangement; a single person living alone or sharing a household with others but who is financially independent; or two or more persons living together who share responsibility for at least 2 out of 3 major types of expenses - food, housing, and other expenses. The terms household or consumer unit are used interchangeably for convenience.

Complete income reporter - in general, a consumer unit that provides values for at least one of the major sources of its income such as wages and salaries, self-employment income, or Social Security income. Even complete income reporters may not have provided a full accounting of all income from all sources.

Expenditures - consist of the transaction costs, including excise and sales taxes, of goods and services acquired during the interview or recordkeeping period. Expenditure estimates include expenditures for gifts, but exclude purchases or portions of purchases directly assignable to business purposes. Also excluded are periodic credit or installment payments on goods or services already acquired. The full cost of each purchase is recorded even though full payment may not have been made at the date of purchase.

Income before taxes - the total money earnings and selected money receipts during the 12 months prior to the interview date.

Table 1. Consumer unit characteristics and percent distribution of expenditures, U.S. and selected metropolitan areas in the Northeast, Consumer Expenditure Survey, 2002-2003

Item	United States	New York	Philadelphia	Boston	Pittsburgh
Consumer unit characteristics:					
Income before taxes ¹	\$50,302	\$66,643	\$59,006	\$59,648	\$52,988
Age of reference person	48.2	49.2	49.9	47.8	52.6
Average number in consumer unit:					
Persons	2.5	2.7	2.6	2.3	2.3
Children under 18	0.6	0.7	0.7	0.6	0.5
Persons 65 and over	0.3	0.3	0.3	0.3	0.4
Earners	1.3	1.4	1.3	1.3	1.3
Vehicles	2.0	1.4	1.7	1.6	2.0
Percent homeowners	67	56	74	62	73
Average annual expenditures	\$40,748	\$50,319	\$40,986	\$41,814	\$42,102
Percent distribution:	100.0	100.0	100.0	100.0	100.0
Food	13.1	13.9	11.9	13.5	12.6
Alcoholic beverages	0.9	0.9	1.1	1.2	1.0
Housing	32.8	37.6	36.1	36.4	29.2
Apparel and services	4.2	5.2	5.1	3.9	3.9
Transportation	19.1	15.4	15.9	17.2	16.6
Health care	5.9	4.4	5.2	4.8	5.8
Entertainment	5.1	4.7	5.0	4.8	6.1
Personal care products and services	1.3	1.3	1.4	1.2	1.3
Reading	0.3	0.3	0.3	0.4	0.4
Education	1.9	2.5	2.0	2.7	2.7
Tobacco products and smoking supplies	0.7	0.5	0.7	0.7	1.2
Miscellaneous	1.7	1.5	1.7	1.1	1.7
Cash contributions	3.2	1.9	2.6	2.4	8.5
Personal insurance and pensions	9.8	9.8	11.1	9.9	9.2

¹ Components of income and taxes are derived from "complete income reporters" only; see definitions.

Table 2. Average annual expenditures, U.S. and selected metropolitan areas in the Northeast, Consumer Expenditure Survey, 2002-2003

Item	United States Average	New York	Philadelphia	Boston	Pittsburgh
Average annual expenditures	\$40,748	\$50,319	\$40,986	\$41,814	\$42,102
Percent distribution:					
Food	5,357	7,005	4,862	5,627	5,295
Food at home	3,114	3,808	2,630	3,303	3,102
Cereals and bakery products	446	570	411	495	473
Meats, poultry, fish, and eggs	812	1,079	711	897	821
Dairy products	328	396	280	356	322
Fruits and vegetables	544	732	470	562	515
Other food at home	985	1,031	758	994	972
Food away from home	2,243	3,197	2,232	2,324	2,192
Alcoholic beverages	384	469	448	504	403
Housing	13,359	18,919	14,780	15,211	12,310
Shelter	7,859	12,402	8,843	10,145	6,528
Owned dwellings	5,215	7,640	6,522	6,318	4,562
Rented dwellings	2,170	4,066	1,867	3,203	1,481
Other lodging	474	696	454	623	485
Utilities, fuels, and public services	2,749	3,055	3,105	2,676	2,902
Household operations	706	1,113	789	772	639
Housekeeping supplies	537	553	517	407	532
Household furnishings and equipment	1,508	1,796	1,527	1,212	1,708
Apparel and services	1,694	2,638	2,106	1,610	1,630
Transportation	7,770	7,729	6,510	7,175	6,972
Vehicle purchases (net outlay)	3,699	2,928	2,399	3,518	2,769
Gasoline and motor oil	1,285	1,101	1,142	1,159	1,164
Other vehicle expenses	2,400	2,658	2,596	2,074	2,639
Public transportation	387	1,042	374	424	399
Health care	2,384	2,235	2,138	2,007	2,459
Entertainment	2,069	2,350	2,031	2,019	2,550
Personal care products and services	526	643	567	496	533
Reading	133	166	132	163	169
Education	768	1,260	834	1,118	1,139
Tobacco products and smoking supplies	305	266	289	273	492
Miscellaneous	698	771	682	473	705
Cash contributions	1,324	949	1,050	1,016	3,570
Personal insurance and pensions	3,978	4,918	4,556	4,121	3,875
Life and other personal insurance	402	531	461	235	485
Pensions and Social Security	3,576	4,388	4,095	3,886	3,390